

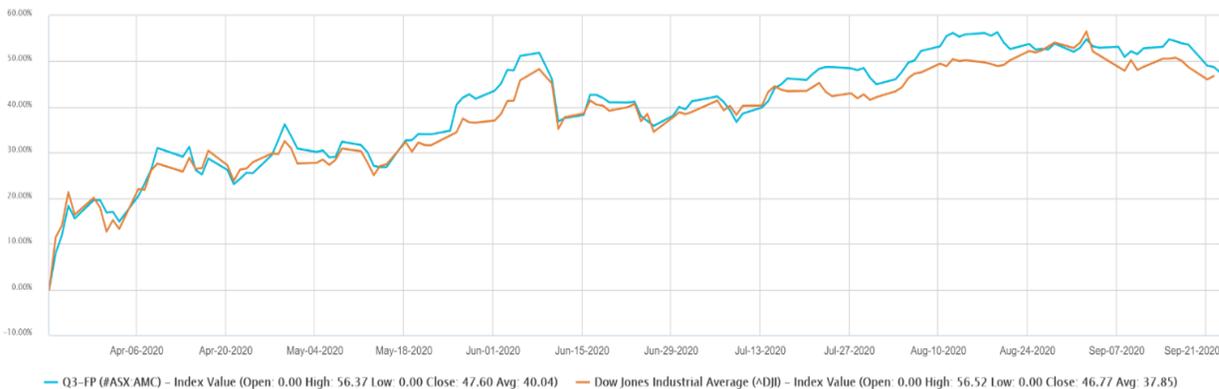


Flexible Packaging – Q3 2020

Flexible Packaging Trends

As COVID-19 continues to disrupt U.S. and world markets, the Flexible Packaging Industry has proven to be quite resilient. Many suffering companies are reinventing their business models and finding new methods of production and markets in which to compete. Some pockets of the industry are outperforming the rest of the economy and thriving in this new environment. The particularly strong segments include packaging focused on food, pharmaceutical, and e-commerce. However, companies focused on hospitality, travel, and entertainment have had a terrible eight months.

Overall, the Flexible Packaging Industry has kept up with the general economy. Since the bottom of the stock market in March 2020, TKO Miller's Flexible Packaging Index is up 55.42% while the Dow Jones Industrial Average is up 49.43%.



This is an impressive recovery from the low levels of March. Taking a longer view, the twelve-month change (Oct-2019 through Sep-2020) in TKO Miller's Flexible Packaging Index is 5.46% compared to the DJI change of 4.55%, a strong trend in the face of COVID-19.

The hottest trending industry buzzwords for the quarter appear to be “virtual tradeshow,” “mono material,” and “cannabis.”

Recent Flexible Packaging News

Flexible Packaging Magazine Releases *Top 25 Converters List for 2020*

Flexible Packaging Magazine, a leading publisher on the flexible packaging, converting, and printing industries, released its annual list of the top 25 converters in North America by revenue for 2020. The rankings have shifted slightly from 2019 mainly due to strong M&A activity. The most notable jump came with Amcor's move to number two on the list with \$3.5B in sales as a result of its acquisition of Bemis in June 2019, while Novolex (Hartsville, SC) retains the top spot with \$3.6B in sales in 2019. [\[LINK\]](#)

Mono-Material Film Packs to Grow at 3.8% to Reach \$71 Billion in 2025

Demand for mono-material flexible polymer packaging will reach 21.5 tons with a value of \$58.9 billion in 2020 according to research in the latest Smithers market report, “The Future of Mono-Material Plastic Packaging Film to 2025.” The demand for more sustainable solutions to meet brand owner and consumer expectations will see this market accelerate at a compound annual growth rate of 3.8% to reach \$70.9 billion in 2025, with a total of 26.1 million tons consumed. [\[LINK\]](#)

New Jersey Legislators Consider Recycled Content Law

New Jersey lawmakers are looking at mandating that plastic containers and other packaging sold in the state be made with recycled content, seeing it as a strategy to shore up weak markets. [\[LINK\]](#)

Global Demand for Labels is Forecasted to Grow

According to Fredonia Focus Reports, global demand for labels is forecasted to grow at 2.5% per year through 2024. Demand is driven by gains in durable goods manufacturing, food processing, beverage production, chemical manufacturing, and pharmaceutical processing. Certain pockets of the industry are expected to see even more rapid growth such as pharmaceutical labels, which are projected to grow by 4.7%. [\[LINK\]](#)

Retail Bag and EPS Packaging Ban Passes in New Jersey

New Jersey's legislature passed a retail bag and expanded polystyrene packaging ban that both industry and environmental groups said would be among the country's strictest. The law would ban single-use plastic and paper bags and EPS cups and containers as well as require that plastic straws be available only upon request. [\[LINK\]](#)

ePac Flexible Packaging Announces Expansion into Europe

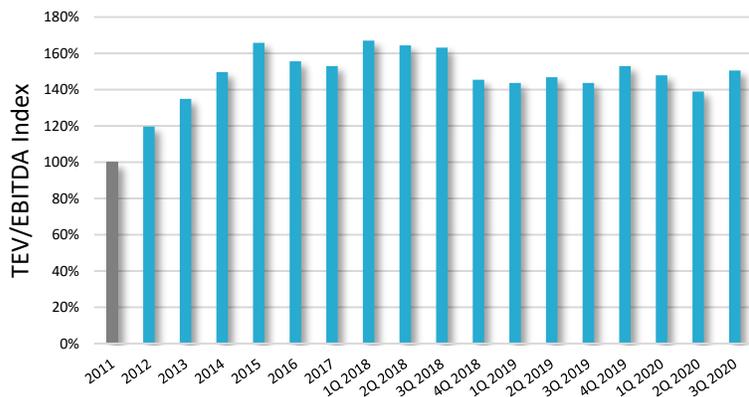
ePac Holdings is continuing its expansion in Europe. After opening its first site in the U.K. in December 2019, the U.S. based company is opening two new sites in France and Poland. Since its first location opened in Middleton, WI in 2016, ePac has seen rapid growth and now has 14 U.S. locations in addition to locations in the United Kingdom, Canada, Indonesia, and now Poland and France. [\[LINK\]](#)



Flexible Packaging – Q3 2020

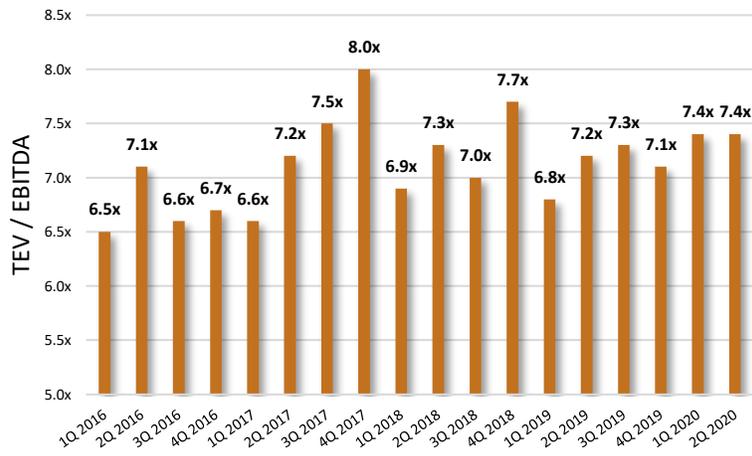
Flexible Packaging Valuation Index

(Index 2011 = 100)



Source: TKO Miller's proprietary Flexible Packaging Index

Middle Market Valuation Multiples



Source: GF Data

Recent Flexible Packaging Transactions

August 2020 – Sonoco Acquires Can Packaging

Sonoco (NYSE:SON) acquired Can Packaging, a privately owned designer and manufacturer of sustainable paper packaging and related manufacturing equipment based in Habsheim, France, for a total consideration of €41.7 million, or approximately \$49 million.

June 2020 – C-P Flexible Packaging Acquires GenPak Flexible

C-P Flexible Packaging, a manufacturer of flexible packaging based in York, PA, announced the acquisition of Genpak Flexible. Genpak Flexible is a North American supplier of compostable packaging and offers a range of patented flexible packaging solutions. In particular, Genpak Flexible holds expertise in custom die-cut rollstock and pouches as well as paper-based laminations. C-P Flexible Packaging is a portfolio company of First Atlantic Capital, a New York-based private equity firm. This latest acquisition brings C-P Flexible Packaging's converting and printing capabilities up to six locations with more than 750 employees.

June 2020 – Brook & Whittle Acquires Label Impressions

Brook & Whittle Holdings, Corp., a provider of sustainable pressure sensitive and shrink sleeve prime labels, acquired Label Impressions, Inc. based in Orange County, California. Label Impressions offers printed label solutions to leading brands and customers in growth-oriented segments of household and personal care, beauty and cosmetics, premium beverage, and cannabis, among other end markets.

About TKO Miller

TKO Miller, LLC is an independent, advisory-focused, middle-market investment bank. With over 130 years of collective transaction experience, TKO Miller provides merger and acquisition and financial advisory services for privately-held and private-equity owned businesses, with a special focus on family-and-founder-held businesses.

Flexible Packaging is one of TKO Miller's core industry focuses. After advising numerous flexible packaging and printing companies on M&A and financing transactions, TKO Miller's professionals have developed deep industry knowledge and a broad contact network that accompanies our transaction expertise with privately-held companies.

TKO Miller aims to bring value to clients by combining outstanding people with a results-oriented, flexible approach to transactions. Our services include company sales, recapitalizations, asset divestitures, and management buyouts. TKO Miller has a generalist focus and has served clients in a wide range of industries including manufacturing, business services, consumer products, and industrial products and services. For more information, visit our website www.tkomiller.com.

Joe Froehlich

Managing Director

jfroehlich@tkomiller.com



Erik Eidem

Director

eeidem@tkomiller.com